



Dickenson Mines Limited

May 20th, 1978

To the Shareholders

This booklet accompanies the notice of the Annual and General Meeting of Shareholders of your Corporation ("Dickenson") called for the purpose of considering the proposed amalgamation of Dickenson with Robin Red Lake Mines Limited ("Robin"), the 1977 annual reports of the Dickenson Group of Companies and an information circular containing information necessary to enable you to form an opinion on the advisability of approving the amalgamation.

The meeting is to be held in the Upper Canada Room of the Royal York Hotel, Toronto, on June 30th, 1978 at 10:30 a.m. (Toronto time).

The amalgamation of Dickenson and Robin is proposed to be made in accordance with the agreement (the "Amalgamation Agreement") dated as of June 30, 1978, between Dickenson and Robin, a copy of which is included in this booklet. In view of the close relationship between Dickenson and Robin and the interlocking nature of their respective boards of directors, your directors are refraining from making any direct comments on the amalgamation.

Briefly, the Amalgamation Agreement provides for (i) the statutory amalgamation of Dickenson and Robin pursuant to The Business Corporations Act of Ontario into an amalgamated corporation which will have the name "Dickenson Mines Limited", (ii) the conversion of the Dickenson shares on a one-for-one basis, (iii) the conversion of Robin shares into shares of the amalgamated corporation on the basis of one share of the amalgamated corporation for every two and one-half (2½) shares of Robin, and (iv) the possession by the amalgamated corporation of all the property, rights, privileges of both Dickenson and Robin subject to all their liabilities, contracts, disabilities and debts.

It is planned that the existing listing of the Dickenson shares on The Toronto Stock Exchange will be continued.

There is enclosed a form of proxy. If you are unable to attend the meeting, will you please indicate on the proxy the manner in which you wish your shares to be voted and return it in the enclosed envelope.

On Behalf of the Board

A. W. White
President

Dickenson Mines Limited

INFORMATION CIRCULAR

for

Annual and General Meeting of Shareholders

to be held June 30th, 1978

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation by the management of Dickenson Mines Limited ("Dickenson") of proxies to be used at the Annual and General Meeting of Shareholders of Dickenson to be held at the time and place and for the purposes set out in the accompanying notice of meeting. It is expected that the solicitation will be primarily by mail.

The cost of solicitation by management will be borne by Dickenson. No remuneration will be paid to any person for soliciting proxies but Dickenson may, upon request and after written approval, pay to certain brokerage firms, fiduciaries and other persons holding shares in their names for others, the charges entailed for sending out proxies to the persons for whom they hold shares.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors and/or officers of Dickenson. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND IN EITHER CASE DELIVERING THE COMPLETED PROXY TO THE SECRETARY OF DICKENSON.

A shareholder who has given a proxy may revoke it either.

- (a) by signing a proxy bearing a later date and delivering it to the Secretary of Dickenson, or
- (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing written notice of revocation and delivering it to the Secretary of Dickenson or the Chairman of the meeting.

Exercise of Discretion by Proxies

The proxies named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE APPROVAL OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS, FOR THE APPROVAL OF THE AMALGAMATION AGREEMENT AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR. The enclosed form of proxy confers discretionary authority on the persons named therein with respect to amendments or variations to matters identified in the notice of meeting and with respect to other matters which may properly come before the meeting. At the time of printing this Circular the management of Dickenson knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

Voting Shares

On May 20th, 1978, Dickenson had outstanding 3,556,000 shares with a par value of \$1 each, each carrying the right to one vote per share. Holders of outstanding shares of record at the time of the Annual and General meeting will be entitled to vote at such meeting. The directors and senior officers of Dickenson do not know of any person or corporation beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to the shares of Dickenson except for Kam-Kotia Mines Limited which owns 595,709 shares in the capital of Dickenson, being 16.75% thereof.

Remuneration of Management and Others

The aggregate direct remuneration paid by Dickenson to Directors and Senior Officers, including the five highest paid employees, during the year ended December 31, 1977, amounted to \$155,540, of which Directors' fees as such amounted to \$8,400 paid by Dickenson and \$8,400 paid by Robin.

Estimated aggregate cost to Dickenson during the year ended December 31, 1977, of all pension benefits proposed to be paid to the Directors and Senior Officers under any normal pension plan in the event of retirement at normal retirement age amounted to \$6,550.

By agreement in writing, Mid-North Engineering Services Limited (Mid-North), provides management, administrative, accounting, secretarial and office services to Dickenson. During Dickenson's 1977 fiscal year \$189,000 was paid to Mid-North for services provided of which \$92,000 was paid by Robin.

The insiders of Mid-North are A. W. White, H. R. Heard, H. V. White, J. Geddes, H. S. Dolson, D. L. Sannes and H. I. Miller, all with the same address as Dickenson.

Operating and Management Contract

By agreement entered into as of November 19, 1971 (the 1971 agreement) Robin granted to Dickenson (its parent corporation) sole management and control of the Robin property to operate for Robin's account for a period of ten years from January, 1, 1971. By agreement entered into as of July 1, 1974 (the 1974 agreement) the 1971 agreement was cancelled. The 1974 agreement provides: (1) that Dickenson shall have sole management and control of the Robin property to operate for Robin's account for a period of ten years from July 1, 1974, unless the 1974 agreement is terminated prior to its expiry by either party on six months' notice; (2) that Dickenson shall charge Robin with all direct costs incurred by it in connection with its operation of the Robin property including relative depreciation; (3) that Robin shall pay to Dickenson a fee of \$12 per ton of Robin material milled by Dickenson for the use of Dickenson's underground workings and surface buildings and plant; and (4) that the amount of the fee shall be varied by mutual agreement from time to time. During 1977 fees paid and/or payable by Robin to Dickenson exclusive of direct costs charged by Dickenson to Robin aggregated \$513,000.

The insiders of Dickenson are Kam-Kotia Mines Limited, A. W. White, H. R. Heard, H. V. White, G. W. Walkey, J. Geddes, F. A. Fell, H. I. Miller and H. S. Dolson, all of Suite 1402, 390 Bay Street, Toronto; C. R. Diebold, Diebold & Millonzi, Suite 600, 15 Court Street, Buffalo, New York; F. Ronald Graham, President of Graymont Limited, Sun Life Building, Suite 940, 1155 Metcalfe Street, Montreal, Quebec; G. Scott, 66 Arjay Crescent, Willowdale, Ontario; E. Crull, C. MacKinnon, H. Hessner, J. W. Nichol and R. P. Tapper, all of Balmertown, Ontario; D. F. Burt, Suite 315, 85 Richmond Street West, Toronto, Ontario; W. Hogg, K. Gordon, L. Olsen, E. Heichert, New Denver, British Columbia; R. A. Halet, Suite 1010, 360 Bay Street, Toronto, Ontario; David I. Johnston, 555 Conestoga Boulevard, Cambridge, Ontario; J. N. Cram, R.R. #1, Cobalt, Ontario.

Election of Directors

As a consequence of the requisite approval by the shareholders of the Amalgamation Agreement (copy of which is attached hereto as Exhibit "1") and the issuance of a Certificate of Amalgamation by the Minister of Consumer and Commercial Relations, the persons whose names are set out in the Amalgamation Agreement will be the first directors of the Amalgamated Corporation. It will, therefore, not be necessary to otherwise elect directors at this annual and general meeting. All those whose names are so set out, except D. F. Burt and J. Geddes, are directors of Dickenson and three of them, namely, Messrs. A. W. White, H. V. White and F. A. Fell are presently directors of Robin. D. F. Burt and J. Geddes are presently directors of Robin.

The proposed first directors are as follows:

Name	Position with Dickenson or Robin	Became Director	No. of Shares Beneficially Owned	
			Dickenson	Robin
A. W. White, Mining Executive President, Mid-North Engineering Services Limited	President of Dickenson and Robin	1944	84,271	14,203
C. R. Diebold, Partner in law firm of Diebold and Millonzi, Buffalo, New York	Vice-President of Dickenson	1947	27,058	nil

Name	Position with Dickenson or Robin	Became Director	No. of Shares Beneficially Owned	
			Dickenson	Robin
H. V. White, Mining Executive, employed by Mid-North Engineering Services Limited	Vice-President of Dickenson and Robin	1969	1	113
F. R. Graham, Business Executive, President, Graymont Limited, Montreal	Director of Dickenson	1973	50,000	33,500
G. Scott, Retired	Director of Dickenson	1976	2,000	nil
D. I. Johnston, President of Sheldons Engineering Limited	Director of Dickenson	1977	1	nil
F. A. Fell, Mining Engineer	Director of Dickenson and Robin	1962	11,500	1,001
D. F. Burt, Q.C., Solicitor, Burt, Burt, Wolfe & Bowman	Director of Robin	1970*	nil	1
J. Geddes, Chartered Accountant, Secretary, Mid-North Engineering Services Limited	Director and Treasurer of Robin, Assistant Secretary of Dickenson	1970*	12	102

* became directors of Robin.

The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective Directors individually. Each of the above-named persons has held the principal occupation or employment indicated for at least five years.

Meetings of Shareholders

General meetings of the shareholders of Dickenson and of Robin have been called to consider and, if thought fit, to approve by special resolution the amalgamation agreement (the "Amalgamation Agreement") dated as of June 30, 1978, which has been entered into between Dickenson and Robin.

The Amalgamation Agreement provides for the statutory amalgamation of Dickenson and Robin pursuant to section 196 of The Business Corporations Act (Ontario). If the Amalgamation Agreement is approved by at least two-thirds of the votes cast at a General Meeting of each of the shareholders of Dickenson and Robin, Articles of Amalgamation confirming the Amalgamation Agreement and amalgamating Dickenson and Robin and continuing them as one corporation under the name "Dickenson Mines Limited" (the "Amalgamated Corporation") will be submitted to the Minister of Consumer and Commercial Relations with the request that a certificate of amalgamation be issued. Upon the issue of such certificate and effective the date thereof the Amalgamated Corporation will possess all the properties, undertaking, rights, privileges, franchises and other assets of Dickenson and Robin and be subject to all the debts, liabilities, contracts, disabilities and obligations of Dickenson and Robin. By virtue of such amalgamation, the shares of each of Dickenson and Robin (except Robin's shares held by Dickenson) will be converted into shares of the Amalgamated Corporation on the basis of one share of the Amalgamated Corporation for each one share of Dickenson, and one share of the Amalgamated Corporation for each two and one-half (2½) shares of Robin, all as set out below under the heading "Basis of Conversion of Shares". As to fractions resulting from conversion of Robin's shares, see page 7 of this circular under the heading "Share Certificates".

Purpose and Effect of the Proposed Amalgamation

Dickenson and Robin are closely interrelated. Of the 3,000,000 shares of Robin issued, 2,322,588 (77.4%) are owned by Dickenson. The mining properties of the two corporations in the Township of Balmer are contiguous. Since 1971 there has been an arrangement (see under heading "Operating and Management Contract" on page 3 of this circular) between Dickenson and Robin whereby the Robin property is explored, developed and mined by Dickenson. The ore from the Robin property is trammed through the Robin and Dickenson underground workings to the shaft on the Dickenson property and then hoisted to surface for

concentration and milling in the Dickenson mill. For these services, including the use of Dickenson's underground workings, surface buildings, plant and equipment and other facilities, a utilization fee based on the number of tons of material extracted from the Robin property and milled in the Dickenson mill is paid by Robin to Dickenson. Exploration on the Robin property is carried out by Dickenson personnel and the costs thereof charged to Robin. Nevertheless, it is necessary for Robin to maintain separate books of account and records. From time to time detailed calculations have to be prepared to substantiate any changes in the utilization fee paid by Robin to Dickenson for the facilities provided by Dickenson to Robin.

There has been a diamond drilling program initiated from a drive on the 30th level to test a theory that a rich zone of the adjoining Campbell mine may dip into Dickenson ground at depth. Results to date from this program are incomplete.

As mentioned in the last annual report, independent cost and feasibility studies were undertaken to determine whether new levels on both the Dickenson and Robin properties should be opened up. It is recognized that to deepen the internal shaft in order to reach and develop such levels would require substantial expenditures.

As was announced earlier this year, the directors of Dickenson have decided to proceed with a major new development program that calls for deepening the No. 2 internal shaft a minimum of 600 feet and opening four or five new levels on the Dickenson property. A contract dated April 12th, 1978 for the above development program has been entered into with Patrick Tremblay Mining Contractors Limited.

Financing for the undertaking is being discussed but the security for such financing will be enhanced if Dickenson and Robin are amalgamated.

As a result of the amalgamation, the ownership of the mining properties in Balmer Township would become one and many present problems relating to such properties will be simplified or eliminated.

Dickenson and Robin have been investing substantial moneys in the exploration and development of petroleum and natural gas rights owned by Conventures Limited ("Conventures") in the Province of Alberta. There would be considerable easing in administration under the agreement with Conventures if the amalgamation takes place. Arrangements have been worked out with Conventures so that if the amalgamation is approved the agreement would in no way be prejudiced. The Amalgamated Corporation would be entitled to all the aggregate interests of Dickenson and Robin in the said agreement.

Following the amalgamation, the shareholders of Dickenson and Robin will become shareholders of a stronger and more efficient corporation. The shareholders of Robin would become holders of shares listed on The Toronto Stock Exchange.

Basis of Conversion of Shares

Initially the basis for the conversion of the shares of Dickenson and Robin into shares of the Amalgamated Corporation was determined by the management of Dickenson and Robin. As the assets of Dickenson are substantially greater than those of Robin, it was considered that Dickenson's shares should be converted into shares of the Amalgamated Corporation on a one-for-one basis and that the basis for the conversion of Robin's shares should then be determined in relation to the Dickenson shares. In determining the basis for conversion of Robin shares which was fixed at one share of the Amalgamated Corporation for each two and one-half (2½) shares of Robin, a variety of factors was taken into account. These included, with respect to both Dickenson and Robin, current and estimated future earnings and dividends, diversity and stability of sources of income, growth possibilities, nature, variety and value of assets as determined by independent appraisals prepared by Derry, Michener & Booth with respect to the mining properties and by Kilborn Limited with respect to the other physical assets. In addition, the market price of Dickenson shares and of listed securities contained in its investment portfolio, principally the shares of Kam-Kotia Mines Limited, were considered. Copies of the aforementioned reports will be available at the meeting and may be examined by shareholders at Dickenson's office prior to the meeting during normal business hours.

Subsequently the boards of directors of Dickenson and Robin at meetings held on May 4th, 1978 approved the proposal for amalgamation on the basis of conversion which, in their opinion, is fair to the shareholders of both corporations.

The basis of converting the issued shares of the amalgamating corporations into shares of the Amalgamated Corporation is as follows:

1. for each issued share of Dickenson, one share of the Amalgamated Corporation

2. for each two and one-half (2½) issued shares of Robin held by shareholders other than Dickenson, one share of the Amalgamated Corporation
3. all issued shares of Robin presently held by Dickenson will be cancelled.

Dickenson holds 2,322,588 shares of Robin. Robin does not hold any Dickenson shares. Dickenson and Robin have agreed that during the amalgamation proceedings, Dickenson will not buy or sell any Robin shares and Robin will not buy any Dickenson shares.

On completion of amalgamation, shares in the Amalgamated Corporation will be outstanding as follows:

<u>Shares of Amalgamating Corporations</u>	<u>Shares of Amalgamated Corporation</u>
3,556,000 outstanding Dickenson shares converted on a one-for-one basis into	3,556,000
3,000,000 outstanding Robin shares, less the 2,322,588 shares held by Dickenson, being 677,412 shares of Robin converted on a basis of one share of the Amalgamated Corporation for each two and one-half (2½) shares of Robin	270,964
2,322,588 outstanding Robin shares held by Dickenson cancelled	NIL
TOTAL	<u>3,826,964</u>

Share Capital Position of the Amalgamated Corporation

The authorized capital of the Amalgamated Corporation will be 7,500,000 shares without par value of which 3,826,964 shares will be outstanding upon completion of the amalgamation as indicated in the preceding table.

The following table indicates the nature of the interest of the directors and officers of Dickenson and Robin in each corporation:

<u>Name</u>	<u>Dickenson</u>	<u>Robin</u>
A. W. White	President Director Shareholder	President Director Shareholder
C. R. Diebold	Vice-President Director Shareholder	—
F. A. Fell	Director Shareholder	Director Shareholder
F. R. Graham	Director Shareholder	Shareholder
David Johnston	Director Shareholder	—
H. V. White	Vice-President Director Shareholder	Vice-President Director Shareholder
G. Scott	Director Shareholder	—
H. R. Heard	Shareholder Secretary-Treasurer	Secretary Director Shareholder
J. Geddes	Shareholder Assistant-Secretary	Treasurer Director Shareholder
D. F. Burt	—	Director Shareholder
H. S. Dolson	Shareholder	Director Shareholder

Financial Statements

The following financial statements are set out on pages 9 to 26, both inclusive, in this information circular:

1. audited unconsolidated balance sheet of Dickenson as at December 31, 1977
2. audited unconsolidated statements of income and of retained earnings and unconsolidated statement of changes in financial position of Dickenson for the year ended December 31, 1977
3. audited balance sheet of Robin as at December 31, 1977
4. audited statements of income and of retained earnings of Robin for the year ended December 31, 1977, and of changes in financial position of Robin for the year ended December 31, 1977
5. unaudited summaries of five-year unconsolidated financial records of Dickenson and of Robin
6. unaudited pro forma balance sheet of Amalgamated Corporation as at December 31, 1977

Trading Information Concerning Dickenson and Robin Shares

	Dickenson The Toronto Stock Exchange		Robin Over the Counter	
	Ranges	Volume	Ranges	Volume
<u>1976</u>				
1st quarter	\$4.55 to \$6.50	234,100	\$2.87 to \$3.93	30,900
2nd quarter	4.60 to 5.50	134,900	2.88 to 5.00	54,877
3rd quarter	2.40 to 4.90	229,900	1.50 to 2.90	26,170
4th quarter	3.50 to 4.70	240,300	1.80 to 2.60	28,554
<u>1977</u>				
1st quarter	3.85 to 5.50	271,800	1.88 to 3.75	45,400
2nd quarter	3.55 to 4.80	119,200	1.88 to 2.75	29,100
3rd quarter	4.00 to 5.13	185,500	2.00 to 3.20	31,300
4th quarter	4.45 to 5.88	311,800	2.30 to 3.35	66,650
<u>1978</u>				
1st quarter	5.25 to 6.75	502,300	3.00 to 3.80	53,400

Stock Exchange Listing

Application will be made to list the authorized shares of the Amalgamated Corporation on The Toronto Stock Exchange.

By-laws

By-laws numbered 1 to 4 set out in Schedule A to Exhibit 1 hereto will be the by-laws of the Amalgamated Corporation until repealed, amended, altered or added to by further by-law.

Share Certificates

If the Amalgamation Agreement is approved by the shareholders of Dickenson and Robin and a certificate of amalgamation is issued, the Robin shareholders will be notified with respect to the surrender of outstanding Robin share certificates in exchange for shares of the Amalgamated Corporation. Dickenson shareholders will not need to exchange their share certificates for shares of the Amalgamated Corporation but may continue to hold their Dickenson share certificates. A person entitled to receive a fraction of a share of the Amalgamated Corporation will not be entitled to be registered on its books in respect thereof but will, however, be entitled to receive a bearer fractional certificate in respect of such fraction. Fractional certificates aggregating a whole share of the Amalgamated Corporation will entitle the bearer thereof to receive in exchange therefor a certificate for a whole share of the Amalgamated Corporation and to be registered on the books of the Amalgamated Corporation as a shareholder in respect thereof.

Auditors

The Business Corporations Act requires the shareholders of a corporation to appoint auditors at their first general meeting to hold office until the close of the first annual meeting. Since it is unlikely that any general

meeting of the Amalgamated Corporation will be held prior to its first general meeting, it is expected that the directors of the Amalgamated Corporation will, in accordance with the duty imposed on them by section 168(1) of The Business Corporations Act, appoint the auditors and that Gardner, McDonald & Co., who are currently the auditors for both Dickenson and Robin, will be appointed.

Dividends paid for each of the last five (5) years

<u>Dickenson</u>		<u>Robin</u>	
<u>Date</u>	<u>Rate</u>	<u>Date</u>	<u>Rate</u>
1973	15¢ per share	1973	19¢ per share
1974	35¢ per share	1974	35¢ per share
1975	35¢ per share	1975	45¢ per share
1976	5¢ per share	1976	10¢ per share
1977	5¢ per share	1977	5¢ per share

Principal Operations and Investments of Dickenson and Robin

Dickenson's principal activity is the operation of its producing gold mine in the Red Lake Area, Ontario, adjoining the Campbell Red Lake Mine on the east. The property in which the mine is located consists of 32 patented claims, comprising approximately 1,130 acres, in Balmer Township, Ontario.

The mine is operated and developed from two shafts, the No. 1 in the north-west part of the property and the No. 2, (an internal shaft), collared on the 23rd level some 2,960 feet southwest of the No. 1. The No. 1 extends to a depth of 3,589 feet from which 23 levels have been established. The No. 2 extends to a depth of 4,838 feet from which an additional 8 levels have been established.

The operation is equipped with a complete mining plant including a mill having a rated capacity of approximately 480 tons daily. During 1977, an average of 354 tons of ore per day were processed through the mill.

With a labour force, including staff, of approximately 240 employees, Dickenson conducts mining and processing operations for both itself and Robin. Ore produced from the Robin property is brought to surface through the Robin and Dickenson underground workings, hoisted up the Dickenson shaft, then processed in the Dickenson surface plant.

Robin owns a producing 12-claim gold property in Balmer Township, Ontario, adjoining Dickenson on the east. Management and operations are carried out by Dickenson under an operating agreement. During 1977, an average of 117 tons per day of ore from Robin were processed.

Dickenson has an extensive and varied investment portfolio. A major investment is its 48% interest in Kam-Kotia Mines Limited. It also owns substantial interests in other companies holding mining properties in the Red Lake Area of Ontario and elsewhere.

Exploration policies of Dickenson and Robin give preference to gold and energy resources. Activity in the energy resource field has been increasing steadily in recent years. Of greatest interest and importance in this direction are Dickenson's and Robin's investments in Conventures Limited, a company engaged in petroleum and natural gas operations in western Canada. Conventures has a 22.13% interest in Alberta Natural Gas Limited, substantial interests in Panarctic Oils Limited and other companies including significant holdings in Ashland Oil (Canada) Limited. Conventures also holds for its own account a number of oil and gas producing interests in western Canada and is conducting many exploration and development programs.

Dickenson and Robin, combined, own a total of 378,000 shares of Conventures, 354,000 of which were acquired through the financing, by agreement, of programs of exploration, drilling and development of certain of Conventures' petroleum and natural gas rights and properties. Pursuant to the agreement mentioned, Dickenson and Robin, combined, are committed to expend a further \$450,000 in each of 1978 and 1979 for which they will be entitled to receive an additional 300,000 shares of Conventures.

Other Business

The management does not know of any other matters to be brought before the meeting other than those set forth herein and in the notice of meeting. However, if any other matters which are not known to the management should properly come before the meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

Toronto, Ontario
May 20, 1978

AUDITORS' REPORT

To the Shareholders
Dickenson Mines Limited

We have examined the balance sheet of Dickenson Mines Limited as at December 31, 1977, and the statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. These financial statements do not include the assets, liabilities and operations of the subsidiary companies.

Consolidated financial statements of Dickenson Mines Limited and its subsidiaries, have been prepared for the year ended December 31, 1977 and have been reported on by us.

In our opinion, subject to the realization of interest in and expenditure on mining, oil and gas properties and investments in other development mining companies as explained in note 2, these financial statements present fairly, on a non-consolidated basis, the financial position of the company as at December 31, 1977, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
March 29, 1978

GARDNER, McDONALD & CO.
Chartered Accountants

Dickenson Mines Limited

BALANCE SHEET DECEMBER 31, 1977

ASSETS

CURRENT	1977	1976
Bullion on hand and in transit at net realizable value	\$ 853,000	\$ 416,000
Accounts receivable	111,000	96,000
Marketable securities, at cost (quoted market value \$524,000; 1976 — \$556,000)	514,000	544,000
Income and mining taxes recoverable	334,000	399,000
Prepaid expenses	28,000	24,000
	<u>1,840,000</u>	<u>1,479,000</u>
LONG-TERM INVESTMENTS (notes 1(a) and 3)	<u>5,720,000</u>	<u>5,618,000</u>
OIL AND GAS INTERESTS (note 4)	<u>796,000</u>	<u>487,000</u>
FIXED, at cost		
Buildings, machinery and equipment	9,285,000	8,571,000
Less: Accumulated depreciation (note 1(c))	<u>6,877,000</u>	<u>6,380,000</u>
	2,408,000	2,191,000
Mining claims	243,000	243,000
Townsite lots	112,000	112,000
	<u>2,763,000</u>	<u>2,546,000</u>
OTHER, at cost		
Interest in and expenditures on outside mining properties (note 1(b))	485,000	483,000
Interest in and expenditures on outside oil and gas properties (note 1(b))	39,000	14,000
Stores and supplies	1,053,000	1,146,000
Deposits	6,000	6,000
Deferred charges	177,000	165,000
	<u>1,760,000</u>	<u>1,814,000</u>
	<u>\$12,879,000</u>	<u>\$11,944,000</u>

LIABILITIES

CURRENT		
Bank indebtedness	\$ 278,000	\$ 348,000
Accounts payable	945,000	938,000
Due to subsidiary company — Robin Red Lake Mines Limited	792,000	145,000
	<u>2,015,000</u>	<u>1,431,000</u>
DEFERRED INCOME TAXES (note 1 (d))	<u>538,000</u>	<u>415,000</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized		
3,750,000 shares of \$1 each		
Issued		
3,556,000 shares	3,556,000	3,556,000
CONTRIBUTED SURPLUS	1,430,000	1,430,000
RETAINED EARNINGS	5,340,000	5,112,000
	<u>10,326,000</u>	<u>10,098,000</u>
Approved by the Board:	<u>\$12,879,000</u>	<u>\$11,944,000</u>
A. W. WHITE, Director		
F. A FELL, Director		

See notes to financial statements

Dickenson Mines Limited

STATEMENT OF INCOME AND RETAINED EARNINGS For the year ended December 31, 1977

REVENUE	1977	1976
Bullion production	\$ 5,162,000	\$ 3,833,000
Fees and charges for the use of underground and surface facilities by subsidiary company	513,000	427,000
	<u>5,675,000</u>	<u>4,260,000</u>
EXPENSE		
Mining	3,200,000	2,578,000
Milling	828,000	730,000
Mine management, office and general	621,000	576,000
Head office administration and general	292,000	259,000
Marketing	28,000	25,000
	<u>4,969,000</u>	<u>4,168,000</u>
OPERATING INCOME BEFORE UNDERNOTED ITEMS	706,000	92,000
Depreciation (note 1(c))	529,000	303,000
Outside exploration written off (note 1(b))	28,000	87,000
	<u>557,000</u>	<u>390,000</u>
INCOME (LOSS) FROM MINING OPERATIONS	149,000	(298,000)
INVESTMENT AND OTHER INCOME		
Interest and dividends	260,000	341,000
Gain on disposal of securities	99,000	15,000
Loss on sale of gold futures	(10,000)	—
	<u>349,000</u>	<u>356,000</u>
INCOME BEFORE INCOME AND MINING TAXES	498,000	58,000
Income taxes — current (recovery)	(31,000)	(177,000)
— deferred	123,000	2,000
Mining taxes	—	—
	<u>92,000</u>	<u>(175,000)</u>
NET INCOME FOR THE YEAR	406,000	233,000
RETAINED EARNINGS AT BEGINNING OF THE YEAR	5,112,000	5,057,000
	<u>5,518,000</u>	<u>5,290,000</u>
Dividends paid	178,000	178,000
RETAINED EARNINGS AT END OF THE YEAR	\$ 5,340,000	\$ 5,112,000
EARNINGS PER SHARE	\$ 0.11	\$ 0.07

See notes to financial statements

Dickenson Mines Limited

STATEMENT OF CHANGES IN FINANCIAL POSITION For the year ended December 31, 1977

	1977	1976
SOURCE OF FUNDS		
Funds provided from operations (note 8)	\$ 1,086,000	\$ 625,000
Decrease in stores and supplies	93,000	—
Amount received for assignment of oil and gas leases	—	14,000
	<u>1,179,000</u>	<u>639,000</u>
APPLICATION OF FUNDS		
Dividends paid	178,000	178,000
Purchase of fixed assets	746,000	1,522,000
Investment in and advances to other companies	411,000	340,000
Exploration expenditures on outside mining, gas and oil properties (net)	55,000	—
Increase in deferred charges	12,000	69,000
Increase in stores and supplies	—	136,000
	<u>1,402,000</u>	<u>2,245,000</u>
DECREASE IN FUNDS DURING THE YEAR	223,000	1,606,000
FUNDS AT BEGINNING OF THE YEAR	48,000	1,654,000
FUNDS (DEFICIENCY) AT END OF THE YEAR	<u>\$ (175,000)</u>	<u>\$ 48,000</u>
Represented by working capital (deficiency):		
Current assets	\$ 1,840,000	\$ 1,479,000
Less: Current liabilities	2,015,000	1,431,000
	<u>\$ (175,000)</u>	<u>\$ 48,000</u>

See notes to financial statements

Dickenson Mines Limited

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 1977

1. Significant Accounting Policies

Accounting policies adopted by the company are in accordance with accounting practices followed by the mining industry in Canada.

(a) Long-Term Investments

Long-Term investments are carried at cost with an allowance for estimated decline in value of investments below the stated cost.

(b) Exploration and Development Expenditures

Interest in and expenditure on outside mining, gas and oil properties is deferred in the accounts to be amortized when production from them is attained or written off when disposition of them occurs.

(c) Depreciation and depletion

Land, buildings, machinery and equipment are carried at cost. When such assets are retired or otherwise disposed of, the cost of the assets and the related accumulated depreciation are removed from the accounts. Any gain or loss on retirements is reflected in the earnings for the year. Depreciation is recorded in the accounts on the straight-line method at the rate of 15% per annum on buildings, machinery and equipment.

The company has never followed the practice of providing for depletion of its mining claims.

(d) Income Taxes

The company follows the tax allocation method of accounting whereby the provision for income taxes is based upon income reported in the accounts after providing for allowances permissible under Federal and Provincial taxation statutes. Any difference between these taxes and taxes currently payable for the year which arise from allowances for depreciation and exploration expenditures for income tax purposes in excess of those recorded in the accounts is reflected as Deferred Income Taxes.

2. Interest In and Expenditure On Outside Mining Properties

The company's interest in and expenditure on its outside mining, oil and gas properties in the amount of \$524,000 can only be realized from the future commercial success of those properties.

3. Long-Term Investments

	<u>1977</u>	<u>1976</u>
Robin Red Lake Mines Limited		
2,322,588 shares, at cost (quoted market value \$7,200,000; \$4,645,000 in 1976)	652,000	652,000
Kam-Kotia Mines Limited		
2,097,608 shares, at cost (quoted market value \$2,202,000; \$1,090,000 in 1976)	3,139,000	3,139,000
Other listed shares at cost (quoted market value \$496,000; \$326,000 in 1976)	1,956,000	1,863,000
Other shares, bonds, advances and participations, at cost	2,422,000	2,883,000
	<u>8,169,000</u>	<u>8,537,000</u>
Less: Allowance for decline in value	2,449,000	2,919,000
	<u>5,720,000</u>	<u>5,618,000</u>

The quoted market values referred to above do not necessarily represent the realizable value of these holdings which may be more or less than that indicated by market quotations.

4. Oil and Gas Interests

	1977	1976
Investment in Conventures Limited (note 5)		
189,000 shares (113,000 shares in 1976) (quoted market value \$1,559,000; \$350,000 in 1976)	\$ 574,000	\$ 337,000
Notes	150,000	150,000
Funds committed but not expended by December 31	72,000	—
	<u>\$ 796,000</u>	<u>\$ 487,000</u>

Interest-bearing notes issued by Conventures Limited are due December 31, 1979, and are convertible into common shares of Conventures at \$3.25 each at any time up to maturity. They are secured by 7,500 shares of Alberta Natural Gas Co. Ltd.

5. Conventures Agreement

By agreement dated May 13, 1975, between Robin Red Lake Mines Limited, Dickenson Mines Limited and Conventures Limited, Robin and Dickenson, combined, committed to expend a total of \$300,000 annually from 1975 to 1977 both inclusive to conduct programs of exploration, drilling and development of certain of Conventures' petroleum and natural gas rights and properties. Upon election and providing they are not in default, Robin and Dickenson, combined, have options to increase their commitments for each of the calendar years 1976 and 1977 by any amounts up to \$300,000, and during the calendar years 1978 and 1979 to commit to expend one-half of the amounts committed for 1976 and 1977. Expenditures committed but not incurred in any one year may be carried forward to be incurred in a future year of the term of the agreement.

Robin and Dickenson did not elect to increase their commitment for 1976, but did increase their commitment for 1977 by \$300,000.

In view of their commitments to expend a total of \$900,000 in 1976 and 1977, Robin and Dickenson, combined, have exercised their options under the agreement by committing, in writing, to expend \$450,000 in each of 1978 and 1979.

In consideration of expenditures incurred pursuant to the agreement, Robin and Dickenson are entitled to receive one common share of Conventures for each \$3.00 expended. Should Conventures, at any time on or before December 31, 1979, sell any of its shares as a result of a public offering or private placement at a price less than \$3.00 per share, the new price at which shares of Conventures are to be issued to Robin and Dickenson in consideration of their expenditures pursuant to the agreement and subsequent to the date of sale of such shares by Conventures shall be equivalent to the price at which Conventures sold such shares.

The portion of the expenditures incurred by each of Robin and Dickenson is determined from time to time by mutual agreement between them.

Each of Robin and Dickenson is entitled to deduct its portion of expenditures pursuant to the agreement in the determination of its income subject to Canadian Income Tax.

By December 31, 1977, Robin and Dickenson, combined, had incurred expenditures of \$1,062,000 and in consideration therefor had received 354,000 shares of Conventures, whereof Dickenson received 177,000 shares.

In the event Conventures varies its capital structure, Robin and Dickenson are entitled to maintain their proportionate equity interests in Conventures on terms that are the same as, or comparable to, those pertaining to the variation in Conventures' capital structure.

6. Loan to Officer

As at December 31, 1977, there was a loan outstanding to an officer of the company in the amount of \$21,000 secured by an interest-bearing real estate mortgage.

7. Statutory Information

Remuneration of directors and senior officers during the year ended December 31, 1977, amounted to \$147,000 (\$136,000 in 1976).

In addition, the company paid \$98,000 during the year ended December 31, 1977, (\$96,000 in 1976) to Mid-North Engineering Services Limited for management, accounting, secretarial and office services.

8. Funds Provided From Operations

	1977	1976
Net income for the year	\$ 406,000	\$233,000
Charges not affecting funds		
Provision for depreciation	529,000	303,000
Outside exploration written off	28,000	87,000
Deferred income taxes	123,000	2,000
	<u>\$ 1,086,000</u>	<u>\$625,000</u>

9. Anti-Inflation Legislation

The company is subject to restraint of profit margin, prices, dividends and compensation of employees under the terms of the Anti-Inflation Act and Regulations.

ROBIN RED LAKE MINES LIMITED

Balance Sheet — December 31, 1977

A S S E T S		1977	1976
Current			
Cash and short-term deposits	\$	273,000	\$ 226,000
Accounts receivable		50,000	17,000
Due from parent company — Dickenson Mines Limited		792,000	145,000
Marketable securities, at cost (quoted market value \$305,000; \$178,000 in 1976)		298,000	173,000
Income and mining taxes recoverable		—	112,000
		<u>1,413,000</u>	<u>673,000</u>
Long-Term Investments, at cost (note 2)		125,000	255,000
Oil and Gas Interests (note 3)		<u>787,000</u>	<u>487,000</u>
Fixed, at cost (note 1(a))			
Buildings, machinery and equipment		152,000	152,000
Less: Accumulated depreciation		118,000	96,000
		<u>34,000</u>	<u>56,000</u>
Mining claims (note 4)		75,000	75,000
Townsite lots		24,000	24,000
		<u>133,000</u>	<u>155,000</u>
Other, at cost (note 1(b))			
Interest in and expenditures on outside mining properties		26,000	—
Interest in and expenditures on outside oil and gas properties		49,000	24,000
		<u>75,000</u>	<u>24,000</u>
	\$	<u><u>2,533,000</u></u>	<u><u>\$ 1,594,000</u></u>
L I A B I L I T I E S			
Current			
Accounts payable	\$	52,000	\$ 5,000
Income and mining taxes payable		376,000	—
		<u>428,000</u>	<u>5,000</u>
S H A R E H O L D E R S ' E Q U I T Y			
Capital Stock			
Authorized			
3,000,000 shares without par value			
Issued			
3,000,000 shares		825,000	825,000
Retained Earnings		1,303,000	764,000
		<u>2,128,000</u>	<u>1,589,000</u>
Deduct: 10,000 shares purchased during the year in the open market, at cost		23,000	—
		<u>2,105,000</u>	<u>1,589,000</u>
Approved by the Board:	\$	<u><u>2,533,000</u></u>	<u><u>\$ 1,594,000</u></u>
A. W. WHITE, Director			
H. R. HEARD, Director			

See notes to financial statements.

ROBIN RED LAKE MINES LIMITED

Statement of Income and Retained Earnings

For the year ended December 31, 1977

	1977	1976
Revenue		
Bullion production	\$ 4,488,000	\$ 3,030,000
Expense		
Mining	1,679,000	1,610,000
Milling	410,000	317,000
Fees and charges for the use of underground and surface facilities of parent company	513,000	427,000
Mine management, office and general	621,000	576,000
Head office administration and general	152,000	137,000
Marketing	25,000	20,000
	<u>3,400,000</u>	<u>3,087,000</u>
Operating Income (Loss) Before Undernoted Item	1,088,000	(57,000)
Depreciation of buildings, machinery and equipment (note 1(a)) ..	22,000	23,000
Income (Loss) From Mining Operations	<u>1,066,000</u>	<u>(80,000)</u>
Investment and Other Income		
Interest and dividends	66,000	90,000
Gain on disposal of securities	7,000	4,000
	<u>73,000</u>	<u>94,000</u>
Income Before Income and Mining Taxes	1,139,000	14,000
Income taxes (recovery)	320,000	(83,000)
Mining taxes (recovery)	130,000	(13,000)
	<u>450,000</u>	<u>(96,000)</u>
Net Income for the Year	689,000	110,000
Retained Earnings at Beginning of the Year	764,000	954,000
	<u>1,453,000</u>	<u>1,064,000</u>
Dividends paid	150,000	300,000
Retained Earnings at End of the Year	<u>\$ 1,303,000</u>	<u>\$ 764,000</u>
Earnings per Share	<u>\$ 0.23</u>	<u>\$ 0.04</u>

See notes to financial statements.

ROBIN RED LAKE MINES LIMITED

Statement of Changes in Financial Position

For the year ended December 31, 1977

	1977	1976
Source of Funds		
Funds provided from operations (note 5)	\$ 711,000	\$ 133,000
Reclassification of long term investments (note 2)	225,000	—
Amount received for assignment of oil and gas leases	—	14,000
	<u>936,000</u>	<u>147,000</u>
Application of Funds		
Increase in oil and gas interest	300,000	181,000
Dividends paid	150,000	300,000
Increase in long term investments	95,000	100,000
Exploration expenditure on outside properties	51,000	10,000
Purchase of shares of Robin Red Lake Mines Limited	23,000	—
	<u>619,000</u>	<u>591,000</u>
Increase (Decrease) in Funds During the Year	317,000	(444,000)
Funds at Beginning of the Year	668,000	1,112,000
Funds at End of the Year	<u>\$ 985,000</u>	<u>\$ 668,000</u>
Represented by working capital:		
Current assets	\$ 1,413,000	\$ 673,000
Less: Current liabilities	<u>428,000</u>	<u>5,000</u>
	<u>\$ 985,000</u>	<u>\$ 668,000</u>

See notes to financial statements.

AUDITORS' REPORT

To the Shareholders
Robin Red Lake Mines Limited

We have examined the balance sheet of Robin Red Lake Mines Limited as at December 31, 1977, and the statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1977, and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
March 29, 1978

GARDNER, McDONALD & CO.
Chartered Accountants

ROBIN RED LAKE MINES LIMITED

Notes to Financial Statements For the year ended December 31, 1977

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies adopted by the company are in accordance with accounting practices followed by the mining industry in Canada.

(a) Depreciation and Depletion

Depreciation has been recorded in the accounts using the straight line method at the rate of 15% per annum.

The company has never provided for the depletion of its mining claims.

(b) Exploration and Development Expenditures

Interest in and expenditure on outside mining, oil and gas properties is deferred in the accounts to be amortized when production from them is attained or written off when disposition of them occurs.

2. LONG TERM INVESTMENTS

	1977	1976
Listed shares, at cost (quoted market value \$94,000; \$24,000 in 1976)	\$ 88,000	\$ 30,000
Other shares and participations, at cost	37,000	—
Guaranteed Investment Certificates — Sterling Trust Corp.	—	100,000
11½% subordinated notes, Sterling Trust Corp., due June 30, 1978	—	100,000
Note receivable, at cost	—	25,000
	<u>\$ 125,000</u>	<u>\$ 255,000</u>

In 1977, the Sterling Trust Corp. certificates and subordinated notes have been reclassified as marketable securities and the note receivable is included in accounts receivable (repaid in January, 1978).

3. OIL AND GAS INTERESTS

	1977	1976
Investment in Conventures Limited (note 7) 189,000 shares (113,000 shares in 1976) (quoted market value \$1,559,000; \$350,000 in 1976)	\$ 565,000	\$ 337,000
Notes	150,000	150,000
Funds committed but not expended by December 31	72,000	—
	<u>\$ 787,000</u>	<u>\$ 487,000</u>

Interest-bearing notes issued by Conventures Limited are due December 31, 1979, and are convertible into common shares of Conventures at \$3.25 each at any time up to maturity. They are secured by 7,500 shares of Alberta Natural Gas Co. Ltd.

4. MINING CLAIMS AND PROPERTIES

The company's mining claims and properties were acquired in July 1945 in consideration for the issue of 1,000,000 shares. For accounting purposes, such shares were assigned a value of 7½ cents each — this being the approximate average issue price of various other shares which were issued for cash pursuant to the provision of an agreement entered into during the same month in 1945.

ROBIN RED LAKE MINES LIMITED

5. FUNDS PROVIDED FROM OPERATIONS

	1977	1976
Net income for the year	\$ 689,000	\$ 110,000
Charge not requiring use of funds		
Provision for depreciation	22,000	23,000
Funds provided from operations	<u>\$ 711,000</u>	<u>\$ 133,000</u>

6. STATUTORY INFORMATION

Remuneration of directors and senior officers during the year ended December 31, 1977 amounts to \$9,000 (\$9,000 in 1976).

In addition, the company paid \$92,000 during the year ended December 31, 1977 (\$90,000 in 1976) to Mid-North Engineering Services Limited for management, accounting, secretarial and office services.

7. CONVENTURES AGREEMENT

By agreement dated May 13, 1975, between Robin Red Lake Mines Limited, Dickenson Mines Limited and Conventures Limited, Robin and Dickenson, combined, committed to expend a total of \$300,000 annually from 1975 to 1977 both inclusive to conduct programs of exploration, drilling and development of certain of Conventures' petroleum and natural gas rights and properties. Upon election, and providing they are not in default, Robin and Dickenson, combined, have options to increase their commitments for each of the calendar years 1976 to 1977 by any amounts up to \$300,000, and during the calendar years 1978 and 1979 to commit to expend one-half of the amounts committed for 1976 and 1977. Expenditures committed but not incurred in any one year may be carried forward to be incurred in a future year of the term of the agreement.

Robin and Dickenson did not elect to increase their commitment for 1976, but did increase their commitment for 1977 by \$300,000.

In view of their commitments to expend a total of \$900,000 in 1976 and 1977, Robin and Dickenson, combined, have exercised their options under the agreement by committing, in writing, to expend \$450,000 in each of 1978 and 1979.

In consideration of expenditures incurred pursuant to the agreement, Robin and Dickenson are entitled to receive one common share of Conventures for each \$3.00 expended. Should Conventures, at any time on or before December 31, 1979, sell any of its shares as a result of a public offering or private placement at a price less than \$3.00 per share, the new price at which shares of Conventures are to be issued to Robin and Dickenson in consideration of their expenditures pursuant to the agreement and subsequent to the date of sale of such shares by Conventures shall be equivalent to the price at which Conventures sold such shares.

The portion of the expenditures incurred by each of Robin and Dickenson is determined from time to time by mutual agreement between them.

Each of Robin and Dickenson is entitled to deduct its portion of expenditures pursuant to the agreement in the determination of its income subject to Canadian Income Tax.

By December 31, 1977, Robin and Dickenson, combined, had incurred expenditures of \$1,062,000 and in consideration therefor had received 354,000 shares of Conventures, whereof Robin received 177,000 shares.

In the event Conventures varies its capital structure, Robin and Dickenson are entitled to maintain their proportionate equity interests in Conventures on terms that are the same as, or comparable to, those pertaining to the variation in Conventures' capital structure.

8. ANTI-INFLATION LEGISLATION

The company is subject to restraint of profit margins, prices, dividends and compensation of employees under the terms of the Anti-Inflation Act and Regulations.

Dickenson Mines Limited

STATEMENT OF INCOME AND RETAINED EARNINGS

(Unaudited)

For the Year ended December 31

	1977	1976	1975	1974	1973
REVENUE					
Bullion production	\$5,162,000	\$3,833,000	\$5,877,000	\$6,049,000	\$3,928,000
Fees and charges for use of underground and surface facilities by subsidiary company	513,000	427,000	419,000	450,000	348,000
	5,675,000	4,260,000	6,296,000	6,499,000	4,276,000
EXPENSE					
Mining	3,200,000	2,578,000	2,497,000	1,632,000	1,395,000
Milling	828,000	730,000	679,000	589,000	483,000
Mine management, office and general	621,000	576,000	715,000	453,000	396,000
Head Office administration and general	292,000	259,000	267,000	277,000	208,000
Marketing	28,000	25,000	33,000	23,000	18,000
	4,969,000	4,168,000	4,191,000	2,974,000	2,500,000
OPERATING INCOME BEFORE UNDERNOTED ITEMS	706,000	92,000	2,105,000	3,525,000	1,776,000
Depreciation	529,000	303,000	200,000	151,000	105,000
Outside exploration written off	28,000	87,000	48,000	86,000	85,000
	557,000	390,000	248,000	237,000	190,000
INCOME (LOSS) FROM MINING OPERATIONS	149,000	(298,000)	1,857,000	3,288,000	1,586,000
INVESTMENT AND OTHER INCOME					
Interest and dividends	260,000	341,000	1,182,000	963,000	495,000
Gain (loss) on disposal of securities	99,000	15,000	(38,000)	(53,000)	(10,000)
Loss on sale of gold futures	(10,000)	—	—	—	—
	349,000	356,000	1,144,000	910,000	485,000
INCOME BEFORE INCOME AND MINING TAXES	498,000	58,000	3,001,000	4,198,000	2,071,000
Income taxes — current (recovery) — deferred	(31,000)	(177,000)	520,000	1,023,000	541,000
Mining taxes	123,000	2,000	75,000	76,000	30,000
	—	—	193,000	390,000	150,000
	92,000	(175,000)	788,000	1,489,000	721,000
INCOME BEFORE EXTRAORDINARY ITEM	406,000	233,000	2,213,000	2,709,000	1,350,000
EXTRAORDINARY ITEM:					
Provision for decline in value of investments	—	—	—	370,000	—
NET INCOME FOR THE YEAR ..	406,000	233,000	2,213,000	2,339,000	1,350,000
RETAINED EARNINGS AT BEGINNING OF YEAR	5,112,000	5,057,000	4,013,000	2,919,000	2,102,000
	5,518,000	5,290,000	6,226,000	5,258,000	3,452,000
Dividends paid	178,000	178,000	1,244,000	1,245,000	533,000
Adjustment of prior year's income taxes	—	—	(75,000)	—	—
RETAINED EARNINGS AT END OF YEAR	\$5,340,000	\$5,112,000	\$5,057,000	\$4,013,000	\$2,919,000
EARNINGS PER SHARE	\$.11	\$.07	\$.62	\$.66	\$.38

Dickenson Mines Limited

STATEMENT OF CHANGES IN FINANCIAL POSITION (Unaudited)

	For the Year ended December 31				
	1977	1976	1975	1974	1973
SOURCE OF FUNDS					
Net Income for the year	\$ 406,000	\$ 233,000	\$ 2,213,000	\$ 2,339,000	\$ 1,350,000
Charges not affecting funds:					
Provision for depreciation	529,000	303,000	200,000	151,000	105,000
Outside exploration written off	28,000	87,000	48,000	86,000	85,000
Deferred income tax	123,000	2,000	75,000	76,000	30,000
Reduction in deposits	—	—	—	—	30,000
	1,086,000	625,000	2,536,000	2,652,000	1,600,000
Decrease in stores and supplies ..	93,000	—	—	—	—
Amount received for assignment of oil and gas leases	—	14,000	—	—	—
Reclassification of long term investments	—	—	430,000	—	—
Adjustment of prior year's income tax	—	—	75,000	—	—
	1,179,000	639,000	3,041,000	2,652,000	1,600,000
APPLICATION OF FUNDS					
Dividends paid	178,000	178,000	1,244,000	1,245,000	533,000
Purchase of fixed assets	746,000	1,522,000	594,000	444,000	164,000
Investment in and advances to other companies	411,000	340,000	460,000	(22,000)	20,000
Exploration expenditures on outside mining, gas and oil properties (net)	55,000	—	126,000	150,000	73,000
Increase in deferred charges	12,000	69,000	67,000	12,000	2,000
Increase in stores and supplies ...	—	136,000	63,000	399,000	156,000
	1,402,000	2,245,000	2,554,000	2,228,000	948,000
INCREASE (DECREASE) IN FUNDS DURING YEAR	(223,000)	(1,606,000)	487,000	424,000	652,000
FUNDS AT BEGINNING OF YEAR	48,000	1,654,000	1,167,000	743,000	91,000
FUNDS (DEFICIENCY) AT END OF YEAR	\$ (175,000)	\$ 48,000	\$ 1,654,000	\$ 1,167,000	\$ 743,000

Robin Red Lake Mines Limited

STATEMENT OF INCOME AND RETAINED EARNINGS

(Unaudited)

	For the Year ended December 31				
	1977	1976	1975	1974	1973
REVENUE					
Bullion production	\$ 4,488,000	\$ 3,030,000	\$ 3,710,000	\$ 4,886,000	\$ 3,271,000
EXPENSE					
Mining	1,679,000	1,610,000	928,000	913,000	652,000
Milling	410,000	317,000	259,000	253,000	198,000
Fees and charges for use of underground and surface facilities of parent company .	513,000	427,000	419,000	450,000	348,000
Mine management office and general	621,000	576,000	250,000	193,000	161,000
Head office administration and general	152,000	137,000	117,000	92,000	71,000
Marketing	25,000	20,000	21,000	20,000	15,000
	3,400,000	3,087,000	1,994,000	1,921,000	1,445,000
OPERATING INCOME (LOSS) BEFORE UNDERNOTED ITEM	1,088,000	(57,000)	1,716,000	2,965,000	1,826,000
Amortization of deferred development and administrative expenditures .	—	—	—	160,000	163,000
Depreciation of buildings, machinery and equipment ...	22,000	23,000	23,000	22,000	21,000
	22,000	23,000	23,000	182,000	184,000
INCOME (LOSS) FROM MINING OPERATIONS	1,066,000	(80,000)	1,693,000	2,783,000	1,642,000
INVESTMENT AND OTHER INCOME					
Interest and dividends	66,000	90,000	153,000	172,000	55,000
Gain on disposal of securities	7,000	4,000	—	—	—
	73,000	94,000	153,000	172,000	55,000
INCOME BEFORE INCOME AND MINING TAXES	1,139,000	14,000	1,846,000	2,955,000	1,697,000
Income taxes (recovery)	320,000	(83,000)	569,000	965,000	506,000
Mining taxes (recovery)	130,000	(13,000)	215,000	432,000	198,000
	450,000	(96,000)	784,000	1,397,000	704,000
NET INCOME FOR THE YEAR ..	689,000	110,000	1,062,000	1,558,000	993,000
RETAINED EARNINGS AT BEGINNING OF YEAR	764,000	954,000	1,242,000	733,000	301,000
	1,453,000	1,064,000	2,304,000	2,291,000	1,294,000
Dividends paid	150,000	300,000	1,350,000	1,049,000	561,000
RETAINED EARNINGS AT END OF YEAR	\$ 1,303,000	\$ 764,000	\$ 954,000	\$ 1,242,000	\$ 733,000
EARNINGS PER SHARE	\$.23	\$.04	\$.35	\$.52	\$.33

Robin Red Lake Mines Limited

STATEMENT OF CHANGES IN FINANCIAL POSITION

(Unaudited)

	For the Year ended December 31				
	1977	1976	1975	1974	1973
SOURCE OF FUNDS					
Net income for the year	\$ 689,000	\$ 110,000	\$ 1,062,000	\$ 1,558,000	\$ 993,000
Charges not affecting funds:					
Provision for depreciation	22,000	23,000	23,000	22,000	21,000
Amortization of deferred development and administrative expenditures	—	—	—	160,000	163,000
Funds provided from operations ..	711,000	133,000	1,085,000	1,740,000	1,177,000
Reclassification of long term investment	225,000	—	—	—	—
Amount received for assignment of oil and gas leases	—	14,000	—	—	—
Proceeds from sale of capital stock	—	—	—	95,000	43,000
	936,000	147,000	1,085,000	1,835,000	1,220,000
APPLICATION OF FUNDS					
Dividends paid	150,000	300,000	1,350,000	1,049,000	561,000
Increase in oil and gas interest	300,000	181,000	—	—	—
Increase in long term investments	95,000	100,000	331,000	28,000	75,000
Fixed asset additions	—	—	3,000	7,000	99,000
Exploration expenditure on outside properties	51,000	10,000	28,000	—	—
Purchase of shares of Robin Red Lake Mines Limited	23,000	—	—	—	—
	619,000	591,000	1,712,000	1,084,000	735,000
INCREASE (DECREASE) IN FUNDS DURING YEAR	317,000	(444,000)	(627,000)	751,000	485,000
FUNDS AT BEGINNING OF YEAR	668,000	1,112,000	1,739,000	988,000	503,000
FUNDS AT END OF YEAR	\$ 985,000	\$ 668,000	\$ 1,112,000	\$ 1,739,000	\$ 988,000

Dickenson Mines Limited

PRO-FORMA BALANCE SHEET

(Unaudited)

December 31, 1977

ASSETS

CURRENT

Cash and short-term deposits	\$ 273,000	
Bullion on hand and in transit at net realizable value	853,000	
Accounts receivable	161,000	
Marketable securities, at cost (quoted market value \$829,000)	712,000	
Income and mining taxes recoverable	334,000	
Prepaid expenses	<u>28,000</u>	\$ 2,361,000

LONG-TERM INVESTMENTS, at cost 5,293,000

OIL AND GAS INTERESTS, at cost 1,583,000

FIXED, at cost

Buildings, machinery and equipment	9,437,000	
Less: Accumulated depreciation	<u>6,995,000</u>	
	2,442,000	
Mining claims	396,000	
Townsite lots	<u>136,000</u>	2,974,000

OTHER, at cost

Interest in and expenditures on outside mining properties	511,000	
Interest in and expenditures on outside oil and gas properties	88,000	
Stores and supplies	1,053,000	
Deposits	6,000	
Deferred charges	<u>177,000</u>	1,835,000
		<u>\$ 14,046,000</u>

LIABILITIES

CURRENT

Bank indebtedness	\$ 277,000	
Accounts payable	998,000	
Income and mining taxes payable	<u>376,000</u>	\$ 1,651,000

DEFERRED INCOME TAXES 538,000
2,189,000

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized	
7,500,000 shares without par value	
Issued	
3,826,964 shares	3,807,000

CONTRIBUTED SURPLUS 1,430,000

RETAINED EARNINGS 6,643,000
11,880,000

Deduct: 4,000 shares (representing 10,000 shares of Robin Red Lake Mines Limited) purchased during the year in the open market, at cost	<u>23,000</u>	11,857,000
		<u>\$ 14,046,000</u>

See Note to pro-forma balance sheet

Dickenson Mines Limited

NOTE TO THE PRO-FORMA BALANCE SHEET

(Unaudited)

December 31, 1977

The attached pro-forma balance sheet gives effect to the amalgamation of Dickenson Mines Limited and its subsidiary, Robin Red Lake Mines Limited as at December 31, 1977. The pro-forma balance sheet is based on the assumption that all the shareholders of Dickenson Mines Limited and Robin Red Lake Mines Limited accept the contemplated transaction. The balance sheet reflects the following conversions of shares:

- a) the 3,556,000 issued and outstanding shares with a par value of \$1 each in the capital of Dickenson Mines Limited shall be converted into shares without par value in the capital of the Amalgamated Corporation on the basis of one share of the Amalgamated Corporation for one share of Dickenson;
- b) of the 3,000,000 issued and outstanding shares without par value in the capital of Robin Red Lake Mines Limited, the 2,322,588 shares owned by Dickenson Mines Limited shall be cancelled without repayment;
- c) the remaining 677,412 issued and outstanding shares without par value in the capital of Robin Red Lake Mines Limited shall be converted into shares without par value in the capital of the Amalgamated Corporation on the basis of one share of the Amalgamated Corporation for each two and one-half (2½) shares of Robin.

ACCOUNTANTS' COMMENTS

We have prepared the accompanying pro-forma balance sheet as at December 31, 1977 from the records of Dickenson Mines Limited and Robin Red Lake Mines Limited and from information supplied to us by the companies including the assumptions detailed in the note.

In accordance with the terms of our engagement, we have not performed an audit and consequently do not express an opinion on this pro-forma balance sheet.

Toronto, Ontario
May 19, 1978

GARDNER, McDONALD & CO.
Chartered Accountants

SCHEDULE 1

MEMORANDUM OF AGREEMENT made as of the 30th day of June, 1978

B E T W E E N:

DICKENSON MINES LIMITED
a corporation incorporated
under the laws of the
Province of Ontario

hereinafter called "Dickenson"

OF THE FIRST PART

— and —

ROBIN RED LAKE MINES LIMITED
a corporation incorporated
under the laws of the
Province of Ontario

hereinafter called "Robin"

OF THE SECOND PART

WHEREAS Dickenson was incorporated under the laws of the Province of Ontario by letters patent of amalgamation dated October 11, 1960;

AND WHEREAS Robin was incorporated under the laws of the Province of Ontario by letters patent dated July 9, 1945;

AND WHEREAS the authorized capital of Dickenson is divided into 3,750,000 shares with a par value of \$1.00 each, of which 3,556,000 shares are issued and outstanding as fully paid and non-assessable;

AND WHEREAS the said 3,556,000 shares of Dickenson were issued for an aggregate consideration of \$4,986,000;

AND WHEREAS the authorized capital of Robin is divided into 3,000,000 shares without par value all of which have been issued and are outstanding as fully paid and non-assessable;

AND WHEREAS the said 3,000,000 shares of Robin were issued for an aggregate consideration of \$825,000;

AND WHEREAS Dickenson is and will immediately prior to the issuance of a certificate of amalgamation pursuant to the provisions of The Business Corporations Act be the beneficial owner of 2,322,588 of the said 3,000,000 shares without par value in the capital of Robin;

AND WHEREAS each party hereto has made full and complete disclosure to each of the others of its known assets and liabilities;

AND WHEREAS under the authority conferred by The Business Corporations Act the parties hereto desire and have agreed to amalgamate upon the terms and conditions hereinafter set out and to continue as one corporation;

NOW THEREFORE THIS AGREEMENT WITNESSETH as follows:

1. In this agreement the term "Amalgamated Corporation" shall mean the corporation continuing from the amalgamation of Dickenson and Robin.
2. Dickenson and Robin do hereby agree to amalgamate as of the close of business on the 30th day of June, 1978, under the Provisions of The Business Corporations Act and to continue as one corporation upon the terms and conditions herein set out.
3. The name of the Amalgamated Corporation shall be Dickenson Mines Limited.
4. The objects of the Amalgamated Corporation shall be as follows:
 - (a) to carry on the business of mining, milling, reduction, refining and development; and
 - (b) to acquire, own, lease, prospect for, open, explore, develop, work, improve, maintain and manage mines and mineral lands and deposits, including oil and gas lands and deposits, and to dig for, raise, crush, wash, smelt, assay, analyze, reduce, amalgamate, alloy, refine, fabricate, pipe, convey and otherwise treat ores, metals and minerals, including oil and gas, whether belonging to the Corporation or not, and to render the same merchantable and to sell or otherwise dispose of the same or any part thereof or interest therein.
5. The head office of the Amalgamated Corporation shall be located in the Municipality of Metropolitan Toronto, in the Province of Ontario. The address of the head office of the Amalgamated Corporation shall be 390 Bay Street, Toronto, Ontario, M5H 2Y2.
6. The authorized capital of the Amalgamated Corporation shall be divided into 7,500,000 shares without par value, provided that the 7,500,000 shares shall not be issued for an aggregate consideration exceeding in amount or value the sum of \$7,500,000 or such greater amount as the board of directors of the Amalgamated Corporation may by resolution determine.
7. The Amalgamated Corporation may purchase, in accordance with the provisions of The Business Corporations Act, any of its shares without par value from time to time outstanding.
8. The board of directors of the Amalgamated Corporation, until otherwise determined by special by-law, shall consist of nine directors and the first directors of the Amalgamated Corporation, with their names in full and residence addresses, shall be as follows:

<u>Name</u>	<u>Address</u>
Arthur Walter White	R.R. # 1, Mono Centre, Orangeville, Ontario, L9W 2Y8
Harvey Vance White	8 Chicora Avenue, Toronto, Ontario, M5R 1T6
Charles Robert Diebold	75 Nottingham Terrace, Buffalo, New York, U.S.A.
Fred Albert Fell	35 The Kingsway, Toronto, Ontario, M8X 2S9
Francis Ronald Graham	3436 Simpson Street, Montreal, Quebec, H2Y 1P7
David Ian Johnston	93 Salisbury Avenue, Cambridge, Ontario, N1S 1J4
George Scott	66 Arjay Crescent, Willowdale, Ontario, M2L 1C7
David Forsyth Burt	195 Glencairn Avenue, Toronto, Ontario, M4R 1N3
James Geddes	1461 Mildmay Court, Mississauga, Ontario, L5J 2H4

9. The said first directors shall hold office until their successors are elected or appointed. The election of the subsequent directors shall take place yearly at the annual meeting of shareholders of the Amalgamated Corporation by a majority of the votes cast at such meeting.

10. The by-laws Nos. 1, 2, 3 and 4 in the form hereinafter set out in Schedule "A" to this agreement shall be the by-laws of the Amalgamated Corporation until repealed, amended or added to.

11. The said 2,322,588 shares without par value in the capital of Robin to be beneficially owned by Dickenson immediately prior to the issuance of a certificate of amalgamation pursuant to the provisions of The Business Corporations Act, shall upon the issuance of such certificate be cancelled without repayment of capital in respect thereof.

12. The shares of Dickenson and the shares of Robin (other than those cancelled in accordance with paragraph 11 hereof) which are issued and outstanding immediately prior to the date of the issuance of a certificate of amalgamation pursuant to the provisions of The Business Corporations Act shall, on and from such last-mentioned date, be converted into issued shares in the capital of the Amalgamated Corporation as follows:

- (a) the 3,556,000 issued and outstanding shares with a par value of \$1.00 each in the capital of Dickenson shall be converted into shares without par value in the capital of the Amalgamated Corporation on the basis of one share of the Amalgamated Corporation for one share of Dickenson;
- (b) the 677,412 issued and outstanding shares without par value in the capital of Robin shall be converted into 270,964 shares without par value in the capital of the Amalgamated Corporation on the basis of one share of the Amalgamated Corporation for each two and one-half (2½) shares of Robin.

13. The issued capital of the Amalgamated Corporation shall be equal to the aggregate of the issued capital for the issued and outstanding shares of each of Dickenson and Robin immediately before the amalgamation becomes effective, subject to the decrease provided for in paragraph 11 hereof.

14. After the issuance to the Amalgamated Corporation or its agent of a certificate of amalgamation pursuant to The Business Corporations Act, the shareholders of Dickenson and Robin when requested by the Amalgamated Corporation to do so shall surrender for cancellation the certificates representing the shares of Robin held by them and shall, if they so request, be entitled to receive certificates for shares of the Amalgamated Corporation on the bases aforesaid, provided that where a shareholder of Robin becomes entitled to a fraction of a share of the Amalgamated Corporation on the basis aforesaid, he shall not be entitled to be registered on the records of the Amalgamated Corporation in respect thereof or to receive a share certificate therefor but is entitled to receive a bearer fractional certificate in respect of such fraction and, on presentation at the office of the transfer agent of the Amalgamated Corporation of bearer fractional certificates for fractions that together represent a whole share, a certificate for a whole share shall be issued in exchange therefor.

15. Each of Dickenson and Robin shall contribute to the Amalgamated Corporation all of its assets, subject to its liabilities, as such exist immediately before the amalgamation.

16. The Amalgamated Corporation shall possess all the property, rights, privileges, franchises and other assets, as such exist immediately before the amalgamation, and shall be subject to all the liabilities, contracts, disabilities and debts, of each of Dickenson and Robin, as such exist immediately before the amalgamation.

17. Upon the approval of this agreement by each of Dickenson and Robin in the manner provided in subsections 196(4) and 196(5) of The Business Corporations Act, the parties hereto for the purpose of bringing the amalgamation into effect shall forthwith comply with the provisions of The Business Corporations Act.

18. Dickenson and Robin may by special resolution (as defined by The Business Corporations Act) of each of them assent to any alteration or modification of this agreement.

IN WITNESS WHEREOF this agreement has been executed by the parties hereto under their respective corporate seals.

DICKENSON MINES LIMITED

ROBIN RED LAKE MINES LIMITED

SCHEDULE A

BY-LAW NO. 1

**A by-law relating generally to the transaction of the
business and affairs of**

Dickenson Mines Limited

Contents

One	— Interpretation
Two	— Business of the Corporation
Three	— Borrowing and Debt Obligations
Four	— Directors
Five	— Committees
Six	— Officers
Seven	— Protection of Directors, Officers and Others
Eight	— Shares
Nine	— Dividends and Rights
Ten	— Meetings of Shareholders
Eleven	— Notices

BE IT ENACTED as a by-law of the Corporation as follows:

SECTION ONE

Interpretation

1.01 Definitions. In this by-law and all other by-laws and special resolutions of the Corporation, unless the context otherwise requires:

“Act” means The Business Corporations Act, 1970 (Ontario), and any act that may be substituted therefor, as from time to time amended;

“articles” means the articles of amalgamation dated as of June 30, 1978, to which is affixed the certificate of amalgamation of the Minister of Consumer and Commercial Relations, as from time to time amended, supplemented or restated;

“board” means the board of directors of the Corporation;

“by-laws” means this by-law and all other by-laws and special by-laws of the Corporation from time to time in force and effect;

“Corporation” means the corporation incorporated by articles under the Act and named DICKENSON MINES LIMITED;

“non-business day” means Saturday, Sunday and any other day that is a holiday as defined in The Interpretation Act (Ontario);

“meeting of shareholders” includes an annual or other general meeting of shareholders and a special meeting of shareholders; “special meeting of shareholders” includes a meeting of any class or classes of shareholders, as well as a special general meeting of shareholders;

“recorded address” means, in the case of a shareholder, his address as recorded in the register of shareholders and, in the case of a director, officer, auditor or member of a committee of the board, his address as recorded in the records of the Corporation;

“signing officer” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by section 2.04 of this by-law or by a resolution passed pursuant thereto;

save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and

words importing the singular number include the plural and vice versa; words importing the masculine gender include the feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

SECTION TWO

Business of the Corporation

- 2.01 Head Office. Until changed in accordance with the Act, the head office of the Corporation shall be at the City of Toronto, in the Municipality of Metropolitan Toronto, in the Province of Ontario and at such location therein as the board may from time to time determine by resolution.
- 2.02 Corporate Seal. Until changed by resolution of the board, the corporate seal of the Corporation shall be in the form impressed hereon.
- 2.03 Financial Year. Until changed by resolution of the board, the financial year of the Corporation shall end on the last day of December in each year.
- 2.04 Execution of Instruments. Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by two persons, one of whom holds the office of chairman of the board, president, vice-president, general manager or director and the other of whom holds one of the said offices or the office of secretary, treasurer, assistant secretary or assistant treasurer or any other office created by by-law or the board. In addition, the board may from time to time direct by resolution the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal thereto.
- 2.05 Banking Arrangements. The banking business of the Corporation shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.
- 2.06 Voting Rights in Other Bodies Corporate. The signing officers of the Corporation may execute and deliver instruments of proxy and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers signing or arranging for them. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.
- 2.07 Withholding Information from Shareholders. No shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which, in the opinion of the board, it would be inexpedient in the interests of the shareholders or the Corporation to communicate to the public. The board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right of inspecting any account, record or document of the Corporation except as conferred by the Act or authorized by the board or by resolution passed at a general meeting of shareholders.

SECTION THREE

Borrowing and Securities

- 3.01 Borrowing Power. The board may from time to time, in such amounts and on such terms as it deems expedient:
- (a) borrow money on the credit of the Corporation;
 - (b) issue, sell or pledge debt obligations (including bonds, debentures, notes or other similar obligations, secured or unsecured) of the Corporation;
 - (c) charge, mortgage, hypothecate or pledge all or any of the currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including book debts, rights, powers, franchises and undertaking, to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation.
- 3.02 Delegation. The board may from time to time delegate to such one or more of the directors and officers of the Corporation as may be designated by the board all or any of the powers conferred on the board by section 3.01 to such extent and in such manner as the board shall determine at the time of each such delegation.

SECTION FOUR

Directors

4.01 Number of Directors and Quorum. Until changed in accordance with the Act, the board shall consist of nine (9) directors of whom four (4) shall constitute a quorum for the transaction of business.

4.02 Qualification. At least two directors shall not be officers or employees of the Corporation or of any affiliate of the Corporation. No person shall be qualified for election or appointment as a director if he is an undischarged bankrupt; if he is mentally incompetent or incapable of managing his affairs; or if he has not attained 18 years of age. A director need not be a shareholder.

4.03 Consent. No election or appointment of a person as a director shall be effective unless (a) he consents in writing to act as a director before his election or appointment or within 10 days thereafter, or (b) he was present at the meeting when he was elected or appointed and did not refuse at that meeting to act as a director.

4.04 Election and Term. The election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The election may be by a show of hands or by a resolution of the shareholders unless a poll is required or demanded. If an election of directors is not held at the proper time, the directors shall continue in office until their successors are elected.

4.05 Removal of Directors. The shareholders, by resolution passed by a majority of the votes cast thereon at a meeting of shareholders called for that purpose, may remove any director before the expiration of his term of office and may elect any person in his stead for the remainder of his term.

4.06 Vacation of Office. The office of a director shall be vacated upon the occurrence of any of the following events: (a) if a receiving order is made against him or if he makes an assignment under the Bankruptcy Act; (b) if an order is made declaring him to be a mentally incompetent person or incapable of managing his affairs; (c) if he shall be removed from office by resolution of the shareholders as provided in section 4.05; or (d) if by notice in writing to the Corporation he resigns his office and such resignation, if not effective immediately, becomes effective in accordance with its terms.

4.07 Vacancies. If a vacancy shall occur in the board, the remaining directors if constituting a quorum may appoint a qualified person to fill the vacancy for the remainder of the term. In the absence of a quorum the remaining directors shall forthwith call a meeting of shareholders to fill the vacancy. If the number of directors is increased, a vacancy or vacancies on the board to the number of the authorized increase shall thereby be deemed to have occurred which may be filled in the manner above provided.

4.08 Action by the Board. The board shall manage or supervise the management of the affairs and business of the Corporation. Subject to section 4.17 the powers of the board may be exercised by a meeting at which a quorum of directors is present or by by-law or resolution consented to by the signatures of all the directors then in office if constituting a quorum. Where there is a vacancy or vacancies in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

4.09 Place of Meetings. Meetings of the board shall be held at the head office of the Corporation or elsewhere in Ontario or, if the board so determines or all absent directors consent, at some place outside Ontario.

4.10 Calling of Meetings. Meetings of the board shall be held from time to time at such place (subject to section 4.09, at such time and on such day as the board, the chairman of the board, the president or any two directors may determine. Notice of the time and place of every meeting so called shall be given in the manner provided in Section Eleven to each director (a) not less than 48 hours before the time when the meeting is to be held if the notice is mailed, or (b) not less than 24 hours before the time when the meeting is to be held if the notice is given personally or is delivered or is sent by any means of transmitted or recorded communication; provided that no notice of a meeting shall be necessary if all the directors in office are present or if those absent waive notice of or otherwise consent to such meeting being held.

4.11 First meeting of New Board. Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

4.12 Regular Meetings. The board may appoint a day or days in any month or months for regular meetings at a place and hour to be named. A copy of any resolution of the board fixing the place and time of regular meetings of the board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting.

4.13 Chairman. The chairman of the board, if such an officer has been elected and is present, otherwise the president, or in his absence, a vice-president who is a director shall be chairman of any meeting of the board. If no such officer is present, the directors present shall choose one of their number to be chairman.

4.14 Votes to Govern. At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall be entitled to a second or casting vote.

4.15 Conflict of Interest. A director shall not be disqualified by reason of his office from contracting with the Corporation. Subject to the provisions of the Act, a director shall not by reason only of his office be accountable to the Corporation or to its shareholders for any profit or gain realized from a contract or transaction in which he has an interest, and such contract or transaction shall not be voidable by reason only of such interest, provided that if a declaration and disclosure of such interest is required by the Act, such declaration and disclosure shall have been made and the director shall have refrained from voting as a director on the contract or transaction.

4.16 Remuneration and Expenses. Each director shall be paid for his services as a director:

- (a) remuneration at the rate of \$2,500. per annum, payable quarterly or in such other periodical instalments as the board may from time to time determine;
- (b) a fee of \$100. for each meeting of the executive committee or audit committee (if he is a member thereof) attended by him; and
- (c) reimbursement for his expenses in attending each meeting of the board or audit committee or other committee of the board, if he is a member thereof.

4.17 Meeting by Telephone. If all the directors of the Corporation consent, a director may participate in a meeting of the board or of a committee of the board by means of such telephone or other communications facilities as permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board.

SECTION FIVE

Committees

5.01 Executive Committee. Whenever the board consists of more than six directors the board may elect from among its number an executive committee to be composed of not fewer than three directors, which committee may exercise all the powers of the board, subject to any restrictions imposed from time to time by the board.

5.02 Audit Committee. The board shall elect annually from among its number an audit committee to be composed of not fewer than three directors, of whom a majority shall not be officers or employees of the Corporation or an affiliate of the Corporation. The audit committee shall have the powers and duties provided in the Act.

5.03 Advisory Committees. The board may from time to time elect or appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

5.04 Procedure. Unless otherwise ordered by the board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

SECTION SIX

Officers

6.01 Election of Appointment. From time to time the board shall elect or appoint a president and a secretary and may elect or appoint one or more vice-presidents (to which title may be added words indicating seniority or function), a general manager, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so elected or appointed. Subject to section 6.02, the officers of the Corporation may but need not be directors and one person may hold more than one office, except that neither the president nor the general manager may hold the office of secretary.

6.02 Chairman of the Board. From time to time the board may also elect or appoint a chairman of the board who shall be a director and who shall not hold the office of secretary. If so elected or appointed, the chairman of the board shall, if present, preside at all meetings of the board and, in the absence of the president, at all

meetings of shareholders. In addition, the board may assign to him any of the powers and duties that are by any provisions of this by-law assigned to the president, and he shall have such other powers and duties as the board may prescribe. During the absence or disability of the chairman of the board, the president shall assume all his powers and duties.

6.03 President. The president shall be the chief executive officer of the Corporation and, subject to the authority of the board, shall have general supervision of the affairs and business of the Corporation. Except when the board has elected or appointed a general manager or managing director, the president shall also have the powers and be charged with the duties of that office.

6.04 Vice-President. During the absence or disability of the president, his duties shall be performed and his powers exercised by the vice-president or, if there are more than one, by the vice-president designated from time to time by the board or the president. A vice-president shall have such other powers and duties as the board or the president may prescribe.

6.05 General Manager. If elected or appointed, the general manager shall have, subject to the authority of the board and the supervision of the president, general supervision of the affairs and business of the Corporation and the power to appoint and remove any and all employees and agents of the Corporation not elected or appointed by the board and to settle the terms of their employment and remuneration; and he shall have such other duties as the board or the president may prescribe. If and so long as the general manager is a director, he may but need not be known as the managing director.

6.06 Secretary. The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to directors, shareholders, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation except when some other officer or agent has been appointed for that purpose; and he shall have such other duties as the board or the president may prescribe.

6.07 Treasurer. The treasurer shall keep proper accounting records in compliance with the Act and, under the direction of the board, shall control the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as treasurer and of the financial position of the Corporation; and he shall have such other duties as the board or the president may prescribe.

6.08 Duties of Other Officers. The duties of all other officers of the Corporation shall be such as the terms of their engagement call for or as the board or the president may prescribe. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the president otherwise directs.

6.09 Variation of Duties. From time to time the board may vary, add to or limit the powers and duties of any officer.

6.10 Term of Office. The board may remove at its pleasure any officer of the Corporation, without prejudice to such officer's rights under any employment contract. Otherwise each officer elected or appointed by the board shall hold office until his successor is elected or appointed.

6.11 Terms of Employment and Remuneration. The terms of employment and the remuneration of officers elected or appointed by the board shall be settled by it from time to time.

6.12 Agents and Attorneys. The board shall have power from time to time to appoint agents or attorneys for the Corporation in or out of Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

6.13 Fidelity Bonds. The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their duties, in such form and with such surety as the board may from time to time prescribe.

SECTION SEVEN

Protection of Directors, Officers and Others

7.01 Limitation of Liability. No director or officer of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or other act for

conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by order of the board for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same are occasioned by his own wilful neglect or default, provided that nothing herein shall relieve any director or officer of any liability imposed upon him by the Act.

7.02 Indemnity. Subject to the limitations contained in the Act, every director and every officer of the Corporation and every other person who has undertaken or is about to undertake any liability on behalf of the Corporation or any body corporate controlled by it and his heirs, executors, administrators and other legal personal representatives shall, from time to time, be indemnified and saved harmless by the Corporation from and against:

- (a) any liability and all costs, charges and expenses that he sustains or incurs in respect of any action, suit or proceeding that is proposed or commenced against him for or in respect of anything done or permitted by him in respect of the execution of the duties of his office; and
- (b) all other costs, charges and expenses that he sustains or incurs in respect of the affairs of the Corporation.

7.03 Insurance. Subject to the limitations contained in the Act, the Corporation may purchase and maintain such insurance for the benefit of its directors and officers as such as the board may from time to time determine.

SECTION EIGHT

Shares

8.01 Allotment. The board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation, including any shares created by articles of amendment increasing or otherwise varying the capital of the Corporation, in such manner and to such persons or class of persons as the board shall by resolution determine, provided that no share shall be issued until it is fully paid as provided by the Act.

8.02 Commissions and Discounts. The board may from time to time authorize the payment of commissions or the allowance of discounts to persons in consideration of their subscribing or agreeing to subscribe, whether absolutely or conditionally, for shares in the Corporation, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for such shares, but no such commission or discount shall exceed 25 per cent of the amount of the subscription price.

8.03 Transfer Agents and Registrars. The board may from time to time by resolution appoint a transfer agent to keep the register of holders of shares of any class or series and the register of transfers of such shares and may also appoint one or more branch transfer agents to keep branch registers. With respect to any register or branch register the board may also appoint a registrar who may but need not be the same person as the transfer agent. The board may at any time terminate the appointment of any transfer agent or registrar.

8.04 Registration of Transfer. Subject to the provisions of the Act, no transfer of shares shall be registered in a register of transfers or branch register of transfers except upon surrender of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by his attorney or successor duly appointed, together with such assurance or evidence of signature, identification and authority to transfer as the board may from time to time prescribe, and upon payment of all applicable taxes, compliance with such restrictions on transfer as are authorized by the articles and satisfaction of any lien referred to in section 8.05.

8.05 Lien for Indebtedness. Except in the case of any class or series of shares of the Corporation listed on a stock exchange, the Corporation shall have a lien on the shares registered in the name of a shareholder who is indebted to the Corporation, to the extent of such debt.

8.06 Non-recognition of Trusts. The Corporation shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as required by statute, be bound to see to the execution of any trust, whether express, implied or constructive, in respect of any share or to recognize any other claim to or interest in such share on the part of any person other than the registered holder thereof.

8.07 **Share Certificates.** Every holder of one or more fully paid shares of the Corporation shall be entitled, without payment, to a share certificate stating the number and class or series of shares held by him as shown by the register, and stating that such shares are fully paid. Share certificates shall be in such form as the board shall from time to time approve. They shall be signed in accordance with section 2.04 and need not be under the corporate seal; provided that, unless the board otherwise orders, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or in the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers may be mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose signature (whether manual or facsimile) appears thereon no longer holds office at the date of issue or delivery of the certificate.

8.08 **Replacement of Share Certificates.** The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate that has been lost, apparently destroyed or wrongfully taken on payment of such fee, not exceeding \$1, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

8.09 **Joint Shareholders.** If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

8.10 **Deceased Shareholders.** In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the register of shareholders in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agent.

SECTION NINE

Dividends and Rights

9.01 **Cash Dividends.** Subject to the provisions of the Act and the articles, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation.

9.02 **Stock Dividends.** For the amount of any dividend that the Board may lawfully declare payable in money, it may declare a stock dividend and issue therefor shares of the Corporation as fully paid.

9.03 **Dividend Cheques.** A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by ordinary mail, postage prepaid, to such registered holder at his address appearing on the register of shareholders, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at the address appearing on the register of shareholders in respect of such joint holding, or to the first address so appearing if there are more than one. The mailing of such cheque as aforesaid, unless the same be not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Company is required to and does withhold.

9.04 **Non-receipt of Cheques.** In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.05 **Record Date for Dividends and Rights.** The board may fix in advance a date, preceding by not more than 31 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for securities of the Corporation as a record date for the determination of the persons entitled

to receive payment of such dividend or to exercise the right to subscribe for such securities. In every such case only such persons as shall be shareholders of record at the close of business on the record date so fixed shall be entitled to receive payment of such dividend or to exercise the right to subscribe for such securities and to receive the warrant or other evidence in respect of such right, notwithstanding the transfer or issue of any shares after the record date so fixed.

9.06 Unclaimed Dividends. Any dividend unclaimed after a period of 12 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION TEN

Meetings of Shareholders

10.01 Annual Meetings. The annual meeting of shareholders shall be held at such time and on such day in each year as the board, the chairman of the board or the president may from time to time determine, for the purpose of receiving the reports and statements required by the Act to be laid before the annual meeting, electing directors, appointing auditors and fixing or authorizing the board to fix their remuneration, and for the transaction of such other business as may properly be brought before the meeting.

10.02 Special Meetings. The board, the chairman of the board or the president shall have power to call a special meeting of shareholders at any time.

10.03 Place of Meetings. Meetings of shareholders shall be held at the head office of the Corporation or elsewhere in the municipality in which the head office is situate or at such other place or places outside Ontario as the articles permit or, if the board shall so determine, at some other place in Ontario.

10.04 Notice of Meetings. Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section Eleven not less than 21 nor more than 50 days before the date of the meeting to each shareholder who at the close of business on the record date for notice is entered in the register of shareholders as the holder of one or more shares carrying the right to vote at the meeting. Notice of a special meeting of shareholders shall state the general nature of the business to be transacted at it. The auditors of the Corporation are entitled to receive all notices and other communications relating to any meeting of shareholders that any shareholder is entitled to receive.

10.05 Record Date for Notice. The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 50 days and not less than 21 days, for the determination of the shareholders entitled to notice of the meeting. If no such record date for notice is fixed by the board, the record date for notice shall be the day next preceding the day on which notice is given.

10.06 Meetings without Notice. A meeting of shareholders may be held without notice at any time and at any place permitted by the Act or the articles (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors are present or waive notice of or otherwise consent to such meeting being held; and at such meeting any business may be transacted which the Corporation at a meeting of shareholders may transact.

10.07 Chairman, Secretary and Scrutineers. The president or, in his absence, the chairman of the board, if such an officer has been elected or appointed and is present, otherwise a vice-president who is a shareholder of the Corporation shall be chairman of any meeting of shareholders. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

10.08 Persons Entitled to be Present. The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat, the auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.09 Quorum. A quorum for the transaction of business at any meeting of shareholders shall be 2 persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy for an absent shareholder so entitled.

10.10 Right to Vote. At any meeting of shareholders every person shall be entitled to vote who, at the time of the taking of the vote (or, if there is a record date for voting, at the close of business on such record date), is entered in the register of shareholders as the holder of one or more shares carrying the right to vote at such meeting, subject to the provisions of the Act as to shares that have been mortgaged or hypothecated.

10.11 Record Date for Voting. The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 48 hours, excluding non-business days, for the determination of the shareholders entitled to vote at the meeting. The record date for voting at a meeting of shareholders shall be specified in the notice calling the meeting or in the information circular relating thereto.

10.12 Proxies. Every shareholder entitled to vote at a meeting of shareholders may appoint a person, who need not be a shareholder, as his proxy to attend and act for him at the meeting in the manner, to the extent and with the power conferred by the instrument appointing him. An instrument appointing a proxy shall be in writing executed by or on behalf of the appointor and shall conform with the requirements of the Act.

10.13 Time for Deposit of Proxies. The board may fix in advance a time, preceding the time of any meeting or adjourned meeting of shareholders by not more than 48 hours, excluding non-business days, before which time instruments appointing proxies must be deposited. An instrument appointing a proxy shall be acted upon only if, prior to the time so fixed and specified in the notice calling the meeting or in the information circular relating thereto, it shall have been deposited with the Corporation or an agent thereof specified in such notice or information circular or if no such time is specified in such notice or information circular, unless it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

10.14 Personal Representative. If the shareholder of record is deceased, his personal representative, upon filing with the secretary of the meeting sufficient proof of his appointment, shall be entitled to exercise the same voting rights at any meeting of shareholders as the shareholder of record would have been entitled to exercise if he were living and for the purposes of the meeting shall be considered a shareholder. If there is more than one personal representative, the provisions of section 10.15 shall apply.

10.15 Joint Shareholders. If shares are held jointly by two or more persons, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote thereon; but if more than one of them shall be present in person or represented by proxy, they shall vote together as one on the shares jointly held by them.

10.16 Votes to Govern. At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall be entitled to a second or casting vote.

10.17 Show of Hands. Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a poll thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a poll thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question and the result of the vote so taken shall be the decision of the shareholders upon the said question.

10.18 Polls. On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman may require or any person entitled to vote on the question may demand a poll thereon. A poll so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a poll may be withdrawn at any time prior to the taking of the poll. Upon a poll each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the poll so taken shall be the decision of the shareholders upon the said question.

10.19 Adjournment. The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place.

10.20 Action in Writing by Shareholders. Any by-law or resolution passed by the directors may, in lieu of confirmation at a general meeting of shareholders, be confirmed and consented to in writing by all the shareholders entitled to vote at such meeting. Any resolution may be consented to by the signature of all the shareholders who would be entitled to vote at a meeting of shareholders duly called, constituted and held for the purpose of considering such resolution.

SECTION ELEVEN

Notices

11.01 Method of Giving Notices. Any notice (which term includes any communication or document) to be given, sent, delivered or served pursuant to the Act, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at this recorded address by prepaid air or ordinary mail, or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or at the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer or auditor in accordance with any information believed by him to be reliable.

11.02 Notice to Joint Shareholders. If two or more persons are registered as joint holders of any share, notice to one of such persons shall be sufficient notice to all of them. Any notice shall be addressed to all of such joint holders and the address to be used for the purposes of section 11.01 shall be the address appearing on the register of shareholders in respect of such joint holding, or the first address so appearing if there are more than one.

11.03 Computation of Time. In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

11.04 Omissions and Errors. The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board, or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

11.05 Persons Entitled by Death or Operation of Law. Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share which shall have been duly given to a person from whom he derives his title to such share previously to his name and address being entered on the register of shareholders, whether such notice was given before or after the happening of the event upon which he became so entitled.

11.06 Waiver of Notice. Any shareholder (or his duly appointed proxy), director, officer, auditor or member of a committee of the board may waive any notice required to be given to him under any provision of the Act, the articles, the by-laws or otherwise and such waiver, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in giving such notice.

BY-LAW NO. 2

A By-law respecting the borrowing of money and the issue of securities by

Dickenson Mines Limited

BE IT ENACTED by the Directors of _____

_____ as a Special By-law of the said Corporation as follows:

The Directors of the Corporation may from time to time:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, sell or pledge debt obligations of the Corporation, including without limitation, bonds, debentures, notes or other similar obligations of the Corporation whether secured or unsecured;
- (c) charge, mortgage, hypothecate or pledge all or any currently owned or subsequently acquired real or personal, movable or immovable property of the Corporation, including book debts, rights, powers, franchises and undertaking, to secure any such debt obligations or any money borrowed, or other debt or liability of the Corporation;
- (d) delegate to such one or more of the officers and Directors of the Corporation as may be designated by the Directors all or any of the powers conferred by the foregoing clauses of this By-law to such extent and in such manner as the Directors shall determine at the time of each such delegation.

Dickenson Mines Limited

BY-LAW NO. 3

RESPECTING THE BORROWING OF MONEY BY THE COMPANY

BE IT ENACTED as a By-law of the Company that: —

1. The Directors may from time to time borrow money from THE BANK OF NOVA SCOTIA (herein called the "Bank") upon the credit of the Company on cheques, promissory notes, bills of exchange or otherwise in such amounts and subject to such terms as may be considered advisable; AND may assign, transfer, convey, hypothecate, mortgage, charge or pledge to or in favour of the Bank any property of the Company, real or personal, moveable or immoveable, present or future, including book debts, unpaid calls, rights, powers, undertaking, franchises and the Company's own debentures, as security for the fulfilment of any liabilities or obligations, present or future, of the Company to the Bank and may empower the Bank or any person or persons to sell by public or private sale, assign, transfer or convey from time to time any such property; AND may sign, make, draw, accept, endorse, execute and deliver on behalf of and in the name of the Company all such cheques, promissory notes, bills of exchange, drafts, acceptances, orders for the payment of money, warehouse receipts, bills of lading, agreements to give security, assignments, transfers, conveyances, hypothecs, mortgages, pledges, securities and other agreements, documents and instruments as may be necessary or useful in connection with the borrowing of money by and other banking business of the Company.

2. The Directors may authorize any one or more directors, officers, employees or agents of the Company to exercise any of the rights, powers and authorities conferred by this By-law upon the Directors.

3. The borrowing of money from the Bank from time to time heretofore under the authority of the Directors of the Company and the giving of security therefor are hereby ratified and confirmed.

4. This By-law shall continue in force as between the Company and the Bank until a By-law repealing this By-law shall have been validly passed and confirmed and a copy thereof, duly certified under the seal of the Company, shall have been delivered to the Bank and receipt thereof acknowledged by the Bank.

SIGNED on behalf and by order of the Board by:

Type here the names of the officers who signed the By-Law in the Minute Book of the Company

Dickenson Mines Limited

SPECIAL BY-LAW NO. 4

BE IT ENACTED as a Special By-law of the Corporation as follows:

The Directors of the Corporation are hereby authorized from time to time

- (a) to borrow money upon the credit of the Corporation in such amounts and on such terms as may be deemed expedient by obtaining loans or advances or by way of overdraft or otherwise;
- (b) to issue debt obligations of the Corporation;
- (c) to pledge or sell such debt obligations for such sums and at such prices as may be deemed expedient;
- (d) to mortgage, hypothecate, charge or pledge, or give security in any manner whatever upon, all or any currently owned or subsequently acquired property, real and personal, immovable and movable, undertaking, book debts, powers, franchises and rights of the Corporation, to secure any debt obligations of the Corporation, present or future, or any money borrowed or to be borrowed or any other debt or liability of the Corporation, present or future;
- (e) to delegate to such officer(s) or Director(s) of the Corporation as the Directors may designate all or any of the foregoing powers to such extent and in such manner as the Directors may determine.

This Special By-law shall remain in force and be binding upon the Corporation as regards any party acting on the faith thereof, until a copy, certified by the Secretary of the Corporation under the Corporation's seal, of a Special By-law repealing or replacing this Special By-law shall have been received by such party and duly acknowledged in writing.

ENACTED this _____ day of _____ 19____

AS WITNESS the corporate seal of the Corporation.

President

Secretary

